

**RED RIVER
CHARTER ACADEMY, INC.**

Mansura, Louisiana

**Financial Report
Year Ended June 30, 2023**

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INDEPENDENT AUDITOR'S REPORT

Mr. Charles Jones, Executive Director
and Members of the Board of Directors of
Red River Charter Academy, Inc.
Mansura, Louisiana

Report on the Audit of Financial Statements

Opinion

We have audited the accompanying financial statements of Red River Charter Academy, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Red River Charter Academy, Inc. as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Red River Charter Academy, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Red River Charter Academy, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Red River Charter Academy, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Red River Charter Academy, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Emphasis of Matter

As described in Note 15 to the financial statements, the Red River Charter Academy, Inc. received notification from the Louisiana State Board of Elementary and Secondary Education that the duration of its charter to operate will not be renewed nor extended beyond its expirations date of June 30, 2024. Our opinion is not modified with respect to this matter.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance, with *Government Auditing Standards*, we have also issued our report dated December 08, 2023, on our consideration of Red River Charter Academy, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Red River Charter Academy, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Red River Charter Academy, Inc.'s internal control over financial reporting and compliance.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Alexandria, Louisiana
December 08, 2023

FINANCIAL STATEMENTS

Red River Charter Academy, Inc.
Mansura, Louisiana
Statement of Financial Position
June 30, 2023

ASSETS

Current assets:	
Cash and cash equivalents	\$ 670,758
Grants receivable	523,785
Other receivable	3,307
Prepaid expense	<u>14,000</u>
Total current assets	<u>1,211,850</u>
Restricted assets:	
Cash and cash equivalents	<u>473</u>
Fixed assets:	
Property and equipment	658,732
Less: accumulated depreciation	<u>(270,496)</u>
Total fixed assets, net	<u>388,236</u>
Total assets	<u><u>\$ 1,600,559</u></u>

LIABILITIES AND NET ASSETS

Current liabilities:	
Accounts payable	\$ 79,709
Salaries and benefits	<u>72,598</u>
Total current liabilities	<u>152,307</u>
Net assets:	
Without donor restrictions	1,447,779
With donor restrictions	<u>473</u>
Total net assets	<u>1,448,252</u>
Total liabilities and net assets	<u><u>\$ 1,600,559</u></u>

The accompanying notes are an integral part of the basic financial statements.

Red River Charter Academy, Inc.
Mansura, Louisiana

Statement of Activities
For the Year Ended June 30, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Changes in net assets			
Revenues, gains and other support:			
State MFP revenue	\$ 1,189,573	\$ -	\$ 1,189,573
Federal and state grants	1,244,918	-	1,244,918
Local sources	541,294	-	541,294
Miscellaneous revenue	<u>73,571</u>	<u>-</u>	<u>73,571</u>
Total	<u>3,049,356</u>	<u>-</u>	<u>3,049,356</u>
 Expenses and losses:			
Program services	2,370,307	-	2,370,307
Supporting services -			
Administrative expenses	<u>551,966</u>	<u>-</u>	<u>551,966</u>
Total	<u>2,922,273</u>	<u>-</u>	<u>2,922,273</u>
 Change in net assets	127,083	-	127,083
 Net assets, beginning of year	<u>1,320,696</u>	<u>473</u>	<u>1,321,169</u>
 Net assets, end of year	<u>\$ 1,447,779</u>	<u>\$ 473</u>	<u>\$ 1,448,252</u>

The accompanying notes are an integral part of the basic financial statements.

Red River Charter Academy, Inc.
Mansura, Louisiana

Statement of Functional Expenses
For the Year Ended June 30, 2023

	<u>Program Services</u>	<u>Support Services Administrative Expenses</u>	<u>Total</u>
Expenses:			
Salaries	\$ 968,119	\$ 221,791	\$ 1,189,910
Payroll taxes	73,686	22,549	96,235
Employee group insurance	74,023	909	74,932
Retirement fund contribution	6,564	12	6,576
Other employee benefits	9,352	-	9,352
Transportation	100,671	2,381	103,052
Advertising	-	1,056	1,056
Depreciation expense	68,321	-	68,321
Dues and fees	-	6,975	6,975
Insurance	27,595	-	27,595
Rent	51,407	-	51,407
Repairs and maintenance	72,449	-	72,449
Audit / accounting services	-	118,877	118,877
Other professional services	127,204	118,884	246,088
Miscellaneous expense	19,618	3,014	22,632
Purchased educational services	431,569	-	431,569
Materials and supplies	102,288	55,518	157,806
Utilities	59,662	-	59,662
Food service management	177,779	-	177,779
	<u> </u>	<u> </u>	<u> </u>
Totals	<u>\$2,370,307</u>	<u>\$ 551,966</u>	<u>\$2,922,273</u>

The accompanying notes are an integral part of the basic financial statements.

Red River Charter Academy, Inc.
Mansura, Louisiana

Statement of Cash Flows
For the Year Ended June 30, 2023

Cash flows provided by operating activities:	
Change in net assets without donor restrictions	\$ 127,083
Adjustments to reconcile change in net assets without donor restrictions to net cash provided by operating activities -	
Depreciation	68,321
(Increase) decrease in operating assets	
Grants receivable	81,859
Other receivable	(3,307)
Prepaid expenses	(14,000)
Increase (decrease) in operating liabilities	
Accounts payable	67,765
Salaries and benefits payable	(21,328)
Due to others	<u>(89,703)</u>
Net cash provided by operating activities	<u>216,690</u>
Cash flows from investing activities:	
Purchases of leasehold improvements	<u>(67,800)</u>
Cash flows from financing activities:	
Payments on line of credit	<u>(88)</u>
Net change in cash and cash equivalents	<u>148,802</u>
Cash and cash equivalents, beginning of year	
Unrestricted	521,956
Restricted	<u>473</u>
	<u>522,429</u>
Cash and cash equivalents, end of year:	
Unrestricted	670,758
Restricted	<u>473</u>
	<u>\$ 671,231</u>

The accompanying notes are an integral part of the basic financial statements.

RED RIVER CHARTER ACADEMY, INC.

Notes to Financial Statements

(1) Nature of Activities and Significant Accounting Policies

A. Nature of Organization and Operations

The Red River Charter Academy, Inc. (the Academy) was granted a charter by the State Board of Elementary and Secondary Education in 2018 to teach a diverse population of children in an atmosphere that encourages active inquiry, fosters individual growth, and promotes respect for self, others, and the world in which they live. The Academy incorporates firm policies of discipline with parental and community involvement so that students will master essential academic and life skills. The Academy is a Type 2 charter school governed by an eight-member board of directors who serve without compensation.

B. Income Taxes

The Academy is a non-profit corporation that is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code of 1986 and is an organization that is not a private foundation as defined in Section 509(a) of the Code. It is also exempt from Louisiana income tax. Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Academy and recognize a tax liability (or asset) if the Academy has undertaken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. Management has analyzed the tax positions taken by the Academy and has concluded that as of June 30, 2023, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Academy is subject to routine audits by tax authorities; however, there are currently no audits for any tax periods in progress.

C. Financial Statement Presentation

The Academy reports information regarding its financial position and activities according to two classes of net assets: Net Assets without Donor Restrictions and Net Assets with Donor Restrictions.

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

D. Public Support and Revenue

The Academy receives its grant support primarily from the Louisiana State Department of Education Minimum Foundation program. Approximately 40% of the Academy's funding is from this program. Other public support is received from the U.S. Department of Education.

RED RIVER CHARTER ACADEMY, INC.

Notes to Financial Statements

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. Donated labor is valued at the minimum wage rate in effect at the time of the donated services. Donated professional time is valued at the current market rate of the specific project. Donated materials are valued at current market value at the time of donation. There were no donated services that met the criteria for recognition.

All contributions are considered to be available for operations unless specifically restricted by the donor. Amounts received that are restricted by the donor for specific purposes are reported as net assets with donor restrictions. Net assets with donor restrictions are reclassified to net assets without donor restrictions upon satisfaction of the donor-imposed time or purpose restriction. Contributions with donor restrictions, for which the restriction is met in the same year, are classified as net assets without donor restrictions.

E. Net Assets

The net assets of the Academy and changes therein are classified and reported as follows:

Net Assets with Donor Restrictions – Net Assets subject to stipulations imposed by donors and grantors. Some donor restrictions may be temporary in nature. These restrictions will be satisfied by the actions of the Academy or by the passage of time.

Net Assets without Donor Restrictions – Net Assets that are not subject to donor-imposed restrictions and may be spent for any purpose in performing the primary objectives of the Academy. These net assets may be used at the discretion of the Academy’s management and board of directors.

F. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

G. Property and Equipment

Property and equipment are recorded at historical cost and depreciated over their estimated useful lives using the straight-line method. Donated property and equipment are recorded at their estimated fair value at the date of donation. The range of estimated useful lives is as follows:

RED RIVER CHARTER ACADEMY, INC.

Notes to Financial Statements

Buildings and improvements	40 years
Furniture and fixtures	5-7 years
Machinery and equipment	5-10 years

H. Cash and Cash Equivalents

For the purpose of the statement of cash flows, the Academy considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

I. Grants Receivable

Grant receivables are recorded at the amount management expects to collect in future periods. Management considers all grant receivable balances to be fully collectible, therefore no allowance for doubtful accounts is recorded on June 30, 2023.

J. Compensated Absences

Teachers and staff earn a maximum of eight sick and/or personal days per year. Accumulated days do not carry over to the next year, but may, at the discretion of the board of directors, be used for extended sick leave when an employee has a medical event that requires a recovery of more than ten days. At the time of retirement, death or separation, no monies are owed or paid to an employee for accumulated sick days. The accumulated days on record at the time an employee leaves the Academy to continue in another public or Academy school system are not transferrable upon separation. Therefore, no compensated absences liability is recorded at June 30, 2023.

K. Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

L. Revenue Recognition

Program reimbursements and grants are recorded or accrued as revenues when earned. Substantially all other revenues are recorded when received.

M. Advertising

Advertising costs are expensed as incurred. Total advertising expense was \$1,056 for the year ended June 30, 2023.

RED RIVER CHARTER ACADEMY, INC.

Notes to Financial Statements

(2) Cash and Interest-Bearing Deposits

At June 30, 2023, the Academy had cash and interest-bearing deposits (book balances) totaling \$671,231. These deposits are recorded at a cost which approximates market. Deposit balances (bank balances) at June 30, 2023 totaled \$669,143. The accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 at each financial institution. Total uninsured cash balances of \$416,713 were exposed to custodial credit risk on June 30, 2023.

(3) Grants Receivable

Grant receivables consisted of the following at June 30, 2023.

United States Department of Education:

Title 1	\$ 29,952
ESSER II	227,277
ESSER III	250,716
DSS Grant	3,681
School Food Services	<u>12,159</u>
	<u>\$ 523,785</u>

Grant receivables are considered to be fully collectible by management, therefore, no allowance for doubtful accounts is recorded at June 30, 2023.

(4) Property and Equipment

A summary of property and equipment is as follows:

Leasehold improvements	\$ 392,277
Furniture and fixtures	34,316
Machinery and equipment	232,139
Accumulated depreciation	<u>(270,496)</u>
Fixed assets, net	<u>\$ 388,236</u>

Depreciation expense for the year ended June 30, 2023 was \$68,321.

RED RIVER CHARTER ACADEMY, INC.

Notes to Financial Statements

(5) Line of Credit

On June 30, 2023, the Academy had an open line of credit with a financial institution in the amount of \$250,000 that can be drawn upon as needed for working capital purposes. The line of credit is renewable annually, bears interest at 5.5% per annum, and is collateralized by future governmental payments received by the Academy. As of June 30, 2023, there was no outstanding balance owed on the line of credit and the entire amount of the line of credit, \$250,000, was available to be drawn upon.

(6) Operating Leases

The Academy leased four school buses under an operating lease executed in October 2019. The terms of the lease required monthly payments of \$5,933 for three years with the lease expiring in October 2022. On July 1, 2023, the lease was renewed for three years under the same terms and expires on June 30, 2026. Lease payments totaling \$71,200 were recognized as transportation expense during the fiscal year ending June 30, 2023.

The Academy entered into a lease agreement with the Avoyelles Parish School Board in prior years for the right to use land and property. During the current year, the original 45-year lease term was extended to 50 years with a monthly payment of \$3,500. Payments totaling \$42,000 are recognized as rent expense during the fiscal year ending June 30, 2023.

The minimum future rental payments of operating leases having a remaining term of more than one year as of June 30, 2023, is as follows:

Year Ending June 30,	Amount
2024	\$ 113,200
2025	113,200
2026	42,000
2027	42,000
2028	42,000
2029 and thereafter	<u>1,722,000</u>
	<u>\$ 2,074,400</u>

(7) Deferred Compensation Plan

Employees of the Academy have the choice of participating in a defined contribution salary deferral plan that was established in accordance with Section 403(B) of the Internal Revenue Code. Under the plan, the Academy contributes a discretionary matching contribution equal to a percentage of the amount of the salary reduction selected by the employee, up to 3% of compensation. The employee may select a salary reduction up to the largest annual allowable amount allowed by applicable Internal Revenue Code Sections. The Academy's contributions to the plan totaled \$6,576 for the year ending June 30, 2023. All employer and employee contributions and earnings vest immediately.

RED RIVER CHARTER ACADEMY, INC.

Notes to Financial Statements

(8) Schedule of Compensation, Benefits and Other Payments to Director

A detail of compensation, benefits, and other payments made to the Director Charles Jones for the year ended June 30, 2023 follows:

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 80,000
Stipends	22,225
Reimbursements	1,185
	<u>\$ 103,410</u>

(9) Commitments and Contingencies

Financial awards received from federal, state, and local governmental entities in the form of grants are subject to audit and review by the entities supplying the funding. Such audits and reviews could result in expenses being disallowed under the terms and conditions of the grants. Management is not aware of any disallowances related to grants as of June 30, 2023. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at this date.

(10) Concentrations

The Academy receives a sizable portion of its support from the Minimum Foundation Program (MFP) administered by the Louisiana Department of Education. Management is unaware of any actions that may significantly affect the level of funding to be received in future years. Approximately 40% of total revenues received during the year ended June 30, 2023 were received from the MFP program.

(11) Net Assets with Donor Restrictions

As of June 30, 2023, net assets with donor restrictions consisted of \$473 received from various student related classes and clubs within the school. These monies were received for specific purposes and will be released from net assets with donor restrictions when those specific purposes have been met.

RED RIVER CHARTER ACADEMY, INC.

Notes to Financial Statements

(12) Liquidity and Availability of Resources

The Academy's financial assets available within one year of the balance sheet date for general expenditures are as follows:

Financial assets, at year-end	
Cash and cash equivalents	\$ 670,758
Grant receivable	523,785
Financial assets available within one year, at year-end	<u>\$ 1,194,543</u>

As part of the Academy's liquidity management program, a policy was adopted to structure financial assets to be available as general expenditures, liabilities, and other obligations come due. To help manage unanticipated liquidity needs, the Academy has committed a line of credit for \$250,000, which can be drawn upon as needed. The entire amount of the line of credit was available to be drawn upon on June 30, 2023.

(13) Litigation

At June 30, 2023, RRCA had no pending litigation.

(14) Risk Management

The Academy is exposed to risks of loss in the areas of general liability, property hazards, and workers compensation. All these risks are addressed by the purchase of commercial insurance. There have been no significant reductions in insurance coverage during the current year nor have settlements exceeded insurance coverage in the past three years.

(15) Subsequent Event

The Red River Charter Academy, Inc.'s (RRCA) initial charter approved by the State Board of Elementary and Secondary Education (BESE) was scheduled to expire on June 30, 2023. In December 2022, BESE granted RRCA a one-year probationary extension on its charter to June 30, 2024. In November 2023 BESE notified RRCA that its charter will not be renewed nor extended beyond June 30, 2024 due to substandard academic performance. While the RRCA Board has agreed to appeal BESE's decision, the outcome of this appeal is undeterminable as of the date of this report.

**INTERNAL CONTROL,
COMPLIANCE
AND
OTHER MATTERS**

KOLDER, SLAVEN & COMPANY, LLC

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Mr. Charles Jones, Executive Director,
and the Board of Directors of
Red River Charter Academy, Inc.
Mansura, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Red River Charter Academy, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 08, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Red River Charter Academy, Inc.'s internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Red River Charter Academy, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Red River Charter Academy, Inc.'s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Red River Charter Academy, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Although the intended use of this report may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Alexandria, Louisiana
December 08, 2023

KOLDER, SLAVEN & COMPANY, LLC

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Mr. Charles Jones, Executive Director,
and Members of the Board of Directors
Red River Charter Academy, Inc.
Mansura, Louisiana

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Red River Charter Academy, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Red River Charter Academy, Inc.'s major federal program for the year ended June 30, 2023. Red River Charter Academy, Inc.'s major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Red River Charter Academy, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Red River Charter Academy, Inc. and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance

for each major federal program. Our audit does not provide a legal determination of Red River Charter Academy, Inc.'s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Red River Charter Academy, Inc.'s federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Red River Charter Academy, Inc.'s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Red River Charter Academy, Inc.'s compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Red River Charter Academy, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Red River Charter Academy, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Red River Charter Academy Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a

combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. Although the intended use of this report may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Alexandria, Louisiana
December 08, 2023

RED RIVER CHARTER ACADEMY, INC.
Mansura, Louisiana

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

Federal Grantor/Pass Through Grantor/Program Title	Assistance Listing Number	Pass-through Identifying Number	Federal Expenditures	Amounts Passed Through to Subrecipients
<u>United States Department of Agriculture-</u>				
<u>Child Nutrition Cluster</u>				
Passed through Louisiana Department of Education				
National School Lunch Program	10.555	N/A	\$ 141,577	\$ -
<u>United States Department of Education-</u>				
<u>Special Education Cluster (IDEA)</u>				
Passed through Louisiana Department of Education				
Special Education Grants to States	84.027A	28-23-B1-AQ	\$ 100,511	-
Total Special Education Cluster (IDEA)			100,511	-
Title I Grants to Local Educational Agencies	84.010A	28-22-DSS-AQ	188,477	
Title I Grants to Local Educational Agencies	84.010A	28-23-T1-AQ	<u>3,681</u>	
Total Title I - Assistance Listing Number #84.010A			192,158	-
Education Stabilization Fund - COVID-19	84.425D	28-21-ES2F-AQ	227,277	
Education Stabilization Fund - COVID-19	84.425E	28-21-ES3F-AQ	373,151	
Education Stabilization Fund - COVID-19	84.425E	28-21-ESEB-AQ	<u>171,437</u>	
Total for Assistance Listing Number #84.425E			<u>544,588</u>	-
Total United States Department of Education			<u>1,064,534</u>	-
<u>United States Department of Health and Humans Services-</u>				
Passed through Louisiana Department of Health and Human Services				
Safer Smarter Schools	92.323	28-22-LDHS-AQ	<u>14,500</u>	-
<u>United States Federal Communications Commission -</u>				
Emergency Connectivity Funds	32.009	N/A	<u>12,800</u>	-
TOTAL FEDERAL AWARDS			<u>\$ 1,233,411</u>	<u>\$ -</u>

The accompanying notes are an integral part of this schedule.

RED RIVER CHARTER ACADEMY, INC.
Mansura, Louisiana

Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

(1) General

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal grant activity of the Red River Charter Academy, Inc. under programs of the federal government for the year ended June 30, 2023. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Red River Charter Academy, Inc., it is not intended to and does not present the financial position, changes in net position, or cash flows of The Red River Charter Academy, Inc.

(2) Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note 1 to the Red River Charter Academy, Inc.’s basic financial statements for the year ended June 30, 2023. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(3) Indirect Cost Rate

The Red River Charter Academy, Inc. has chosen not to use the 10 percent de minimis indirect cost rate allowed under Uniform Guidance.

RED RIVER CHARTER ACADEMY, INC.
Mansura, Louisiana

Schedule of Findings and Questioned Costs
Year Ended June 30, 2023

Part I. Summary of Auditor's Results:

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting	
Material weakness(es) identified?	_____yes <u> x </u> no
Significant deficiencies identified?	_____yes <u> x </u> none reported
Noncompliance material to financial statements noted?	_____yes <u> x </u> no

Federal Awards

Type of auditor's report issued on compliance for major programs:	Unmodified
Internal control over major programs	
Material weakness(es) identified?	_____yes <u> x </u> no
Significant deficiencies identified?	_____yes <u> x </u> none reported
Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?	_____yes <u> x </u> no

Major programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.425D, 84.425E	Education Stabilization Fund
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low risk auditee?	_____ Yes <u> x </u> No

RED RIVER CHARTER ACADEMY, INC.
Mansura, Louisiana

Schedule of Findings and Questioned Costs
Year Ended June 30, 2023

Part II. Findings which are required to be reported in accordance with generally accepted Governmental Auditing Standards:

A. Internal Control Findings -

None reported.

B. Compliance Findings –

None reported.

Part III. Findings and questioned costs – Federal Award Programs

A. Internal Control Findings –

None reported.

B. Compliance Findings -

None reported.

RED RIVER CHARTER ACADEMY, INC.
Mansura, Louisiana
Schedule of Current and Prior Year Audit Findings
And Management's Corrective Plan
Year Ended June 30, 2023

Part I: Current Year Findings and Management's Corrective Action Plan:

A. Internal Control Over Financial Reporting

None reported.

B. Compliance and other matters

None reported.

Part II: Prior Year Findings:

A. Internal Control Over Financial Reporting

None reported.

B. Compliance and other matters

2023-001 Late Filing of Financial Statement Audit

CONDITION: The Red River Charter Academy, Inc. did not comply with LA R.S. 24:513 by not submitting its audited financial statements to the Louisiana Legislative Auditor within six months of its fiscal year-end.

RECOMMENDATION: The Red River Charter Academy, Inc. should ensure compliance with LA R.S. 24:513 by supplying information to its auditors in a timely manner.

CURRENT STATUS: Resolved.

**SCHEDULES REQUIRED BY STATE LAW
(R.S. 24:514 – PERFORMANCE AND STATISTICAL DATA)**

KOLDER, SLAVEN & COMPANY, LLC

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

The Board of Directors of the Red River Charter Academy, Inc.
Louisiana Department of Education
Louisiana Legislative Auditor

We have performed the procedures enumerated below on the performance and statistical data accompanying the annual financial statements of the Red River Charter Academy, Inc., (Academy) for the fiscal year ended June 30, 2023, and to determine whether the specified schedules are free of obvious errors and omissions, in compliance with Louisiana Revised Statute 24:514. The management of the Red River Charter Academy, Inc. is responsible for its performance and statistical data.

The Academy has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement which is to perform specified procedures on the performance and statistical data accompanying the annual financial statements. Additionally, the Louisiana Department of Education, and the Louisiana Legislative Auditor have agreed to and acknowledged that the procedures performed are appropriate for their purpose. The procedures performed may not address all of the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

General Fund Instructional and Support Expenditures and Certain Local Revenue Sources (Schedule 1)

1. We selected a sample of 25 transactions and reviewed supporting documentation and observed that the sampled expenditures/revenues are classified correctly and are reported in the proper amounts among the following amounts reported on the schedule:

- Total General Fund Instructional Expenditures,
- Total General Fund Equipment Expenditures,
- Total Local Taxation Revenue,
- Total Local Earnings on Investment in Real Property,
- Total State Revenue In lieu of taxes,
- Nonpublic Textbook Revenue, and
- Nonpublic Transportation Revenue.

There were no exceptions noted.

Class Size Characteristics (Schedule 2)

2. We obtained a list of classes by school, school type, and class size as reported on the schedule. We then traced a sample of 10 classes to the October 1 roll books for those classes and determined if the class was properly classified on the schedule.

There were no exceptions noted.

Education Levels of Academy Staff (NO SCHEDULE)

3. We obtained October 1st PEP data submitted to the Department of Education or equivalent listing prepared by management, including full-time teachers, principals, and assistant principals by classification, as well as their level of education and experience, and obtained management's representation that the data/listing was complete. We then selected a sample of 25 individuals, traced to each individual's personnel file, and observed that each individual's personnel file, and observed that each individual's education level and experience was properly classified on the PEP data or equivalent listing prepared by management.

There were no exceptions noted.

Academy Staff Data: Average Salaries (NO SCHEDULE)

4. We obtained the June 30th PEP data submitted to the Department of Education or equivalent listing provided by management of all classroom teachers, including base salary, extra compensation, and ROTC or rehired retiree status, as well as full-time equivalents, and obtained management's representation that the data/listing was complete. We then selected a sample of 25 individuals, traced to each individual's personnel file, and observed that each individual's salary, extra compensation, and full-time equivalents were properly included on the PEP data or equivalent listing prepared by management.

There were no exceptions noted.

We were engaged by Red River Charter Academy, Inc., to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants, and the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the United States Comptroller General. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the performance and statistical data. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the Academy and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement. This report is intended solely to describe the scope of testing performed on the performance and statistical data accompanying the annual financial statements of the Red River Charter Academy, Inc., as required by Louisiana Revised Statute 24:514, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Alexandria, Louisiana
December 08, 2023

RED RIVER CHARTER ACADEMY, INC.
Mansura, Louisiana

Schedules Required by State Law (R.S. 24:514 - Performance and Statistical Data)
As of and for the Year Ended June 30, 2023

Schedule 1 - General Fund Instructional and Support Expenditures and Certain Local Revenue Source

This schedule includes general fund instructional and equipment expenditures. It also contains local taxation revenue, earnings on investments, revenue in lieu of taxes, and nonpublic textbook and transportation revenue. This data is used either in the Minimum Foundation Program (MFP) formula or is presented annually in the MFP 70% Expenditure Requirement Report.

Schedule 2 (Formerly Schedule 6) - Class Size Characteristics

This schedule includes the percent and number of classes with student enrollment in the following ranges: 1-20, 21-26, 27-33, and 34+ students.

Red River Charter Academy, Inc.
Mansura, Louisiana
Schedule 1

General Fund Instructional and Support Expenditures
and Certain Local Revenue Sources
For the Year Ended June 30, 2023

General Fund Instructional and Equipment Expenditures

General Fund Instructional Expenditures:

Teacher and Student Interaction Activities -		
Classroom Teacher Salaries	\$ 344,493	
Other Instructional Staff Activities	117,365	
Instructional Staff Employee Benefits	141,804	
Purchased Professional and Technical Services	86,007	
Instructional Materials and Supplies	45,843	
Instructional Equipment	68,321	
Total Teacher and Student Interaction Activities		\$ 803,833
Other Instructional Activities		1,578
Pupil Support Services	40,521	
Less: Equipment for Pupil Support Services	-	
Net Pupil Support Services		40,521
Instructional Staff Services	72,734	
Less: Equipment for Instructional Staff Services	-	
Net Instructional Staff Services		72,734
School Administration	353,056	
Less: Equipment for School Administration	-	
Net School Administration		353,056
Total General Fund Instructional Expenditures (Total of Column B)		\$ 1,271,722
Total General Fund Equipment Expenditures (Object 730; Function Series 1000-4000)		\$ -

Certain Local Revenue Sources

Local Taxation Revenue:

Constitutional Ad Valorem Taxes	\$ -
Renewable Ad Valorem Tax	-
Debt Service Ad Valorem Tax	-
Up to 1% of Collections by the Sheriff on Taxes Other than School Taxes	-
Sales and Use Taxes	-
Total Local Taxation Revenue	\$ -

Local Earnings on Investment in Real Property:

Earnings from 16th Section Property	\$ -
-------------------------------------	------

State revenue in Lieu of Taxes:

Revenue Sharing - Constitutional Tax	\$ -
Revenue Sharing - Other Taxes	-
Revenue Sharing - Excess Portion	-
Other Revenue in Lieu of Taxes	-
Total State Revenue in Lieu of Taxes	\$ -

Nonpublic Textbook Revenue	\$ -
----------------------------	------

Nonpublic Transportation Revenue	\$ -
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Red River Charter Academy, Inc.
Mansura, Louisiana
Schedule 2

Class Size Characteristics
As of October 1, 2022

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	0%	-	0%	-	0%	-	0%	-
Elementary Activity Classes	0%	-	0%	-	0%	-	0%	-
Middle/Jr. High	0%	-	0%	-	0%	-	0%	-
Middle/Jr. High Activity Classes	0%	-	0%	-	0%	-	0%	-
High	0%	-	0%	-	0%	-	0%	-
High Activity Classes	0%	-	0%	-	0%	-	0%	-
Combination	96%	110	3%	4	1%	1	0%	-
Combination Activity Classes	20%	1	20%	1	0%	-	60%	3

Note: The Board of Elementary and Secondary Education has set specific limits on the maximum size of classes at various grade levels. The maximum enrollment in grades K-3 is 26 students and maximum enrollment in grades 4-12 is 33 students. These limits do not apply to activity classes such as physical education, chorus, band, and other classes without maximum enrollment standards. Therefore, these classes are included only as separate line items.

Red River Charter Academy
Mansura, Louisiana

Statewide Agreed-Upon Procedures Report

Fiscal Period July 1, 2022 through June 30, 2023

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INDEPENDENT ACCOUNTANT’S REPORT ON APPLYING AGREED-UPON PROCEDURES

Mr. Charles Jones, Executive Director
and Members of the Board of Directors
Red River Charter Academy
and the Louisiana Legislative Auditor

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor’s (LLA’s) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2022 through June 30, 2023. Red River Charter Academy’s management is responsible for those C/C areas identified in the SAUPs.

Red River Charter Academy, Inc. has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA’s SAUPs for the fiscal period July 1, 2022 through June 30, 2023. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purpose. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

1) *Written Policies and Procedures*

- A. Obtained and inspected the entity’s written policies and procedures and observed that they address each of the following categories and subcategories if applicable to public funds and the entity’s operations:
- i) **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
 - ii) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.

- iii) **Disbursements**, including processing, reviewing, and approving.
- iv) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
- v) **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.
- vi) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- vii) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- viii) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- ix) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that document is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
- x) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- xi) **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

We performed the procedures and discussed the results with management.

- xii) **Prevention of Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

2) Board or Finance Committee

- A. Obtained and inspected the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
- i) Observed that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - ii) For those entities reporting on the governmental accounting model, we observed that the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
 - iii) For governmental entities, we obtained the prior year audit report and observed the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, we observed that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative assigned fund balance in the general fund.
 - iv) Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

3) Bank Reconciliations

- A. Obtained a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Asked management to identify the entity's main operating account. Selected the entity's main operating account and randomly selected 4 additional accounts (or all accounts if less than 5). Randomly selected one month from the fiscal period, obtained and inspected the corresponding bank statement and reconciliation for selected each account, and observed that:
- i) Bank reconciliations included evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);
 - ii) Bank reconciliations included evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
 - iii) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement's closing date, if applicable.

4) Collections (excluding electronic funds transfers)

- A. Obtained a listing of deposit_sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly selected 5 deposit sites (or all deposit sites if less than 5).
- B. For each deposit site selected, obtained a listing of collection_locations and management's representation that the listing is complete. Randomly selected one collection location for each deposit site (i.e., 5 collection locations for 5 deposit sites), obtained and inspected written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observed that job duties are properly segregated at each collection location such that:
- i) Employees that are responsible for cash collections do not share cash drawers/registers.
 - ii) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.
 - iii) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
 - iv) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee/official verifies the reconciliation.
- C. Obtained from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observed the bond or insurance policy for theft was enforced during the fiscal period.
- D. Randomly selected two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (selected the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly selected a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtained supporting documentation for each of the 10 deposits and:
- i) Observed that receipts are sequentially pre-numbered.
 - ii) Traced sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - iii) Traced the deposit slip total to the actual deposit per the bank statement.

- iv) Observed that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
- v) Traced the actual deposit per the bank statement to the general ledger.

5) *Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)*

- A. Obtained a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly selected 5 locations (or all locations if less than 5).
- B. For each location selected under #5A above, obtained a listing of those employees involved with non-payroll purchasing and payment functions. Obtained written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquired of employees about their job duties), and observed that job duties are properly segregated such that:
 - i) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - ii) At least two employees are involved in processing and approving payments to vendors.
 - iii) The employee responsible for processing payments is prohibited from adding/modifying vendor files unless another employee is responsible for periodically reviewing changes to vendor files.
 - iv) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.
 - v) Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.
- C. For each location selected under #5A above, obtained the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtained management's representation that the population is complete. Randomly selected 5 disbursements for each location, obtained supporting documentation for each transaction and:
 - i) Observed whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.
 - ii) Observed that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #5B above, as applicable.

- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly selected 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observed that each electronic disbursement was (a) approved only by those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month/or account for testing that does include electronic disbursements.

6) Credit Cards/Debit Cards/Fuel Cards/P-Cards

- A. Obtained from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtained management's representation that the listing is complete.
- B. Using the listing prepared by management, randomly selected 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly selected one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtained supporting documentation, and:
- i) Observed that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]
 - ii) Observed that finance charges and late fees were not assessed on the selected statements.
- C. Using the monthly statements or combined statements selected under #6B above, excluding fuel cards, randomly selected 10 transactions (or all transactions if less than 10) from each statement, and obtained supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observed that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

7) Travel and Travel-Related Expense Reimbursements (excluding card transactions)

- A. Obtained from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly selected 5 reimbursements, obtained the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

- i) If reimbursed using a per diem, observed the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
- ii) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
- iii) Observed that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1A(vii.)
- iv) Observed each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

8) Contracts

- A. Obtained from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtained management's representation that the listing is complete. Randomly selected 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
 - i) Observed that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
 - ii) Observed whether the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
 - iii) If the contract was amended (e.g. change order), observed that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, was approval documented).
 - iv) Randomly selected one payment from the fiscal period for each of the 5 contracts, obtained the supporting invoice, agreed the invoice to the contract terms, and observe the invoice and related payment agreed to the terms and conditions of the contract.

9) Payroll and Personnel

- A. Obtained a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly selected 5 employees or officials, obtained related paid salaries and personnel files, and agreed paid salaries to authorized salaries/pay rates in the personnel files.

- B. Randomly selected one pay period during the fiscal period. For the 5 employees or officials selected under #9A above, obtained attendance records and leave documentation for the pay period, and:
 - i) Observed all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document their attendance and leave. However, if the official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
 - ii) Observed whether supervisors approved the attendance and leave of the selected employees or officials.
 - iii) Observed any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
 - iv) Observed the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.
- C. Obtained a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly selected two employees or officials, obtained related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agreed the hours to the employee or official's cumulative leave records, agreed the pay rates to the employee or official's authorized pay rates in the employee or official's personnel files, and agree the termination payment to entity policy.
- D. Obtained management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

10) Ethics

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and
 - i Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and
 - ii Observe whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.
- B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R. S. 42:1170.

11) Debt Service

- A. Obtained a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Selected all debt instruments on the listing, obtained supporting documentation, and observed State Bond Commission approval, as required by Article VII, Section 8 of the Louisiana Constitution, was obtained for each debt instrument issued.
- B. Obtained a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly selected one bond/note, inspected debt covenants, obtained supporting documentation for the reserve balance and payments, and agreed actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

12) Fraud Notice

- A. Obtained a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Selected all misappropriations on the listing, obtained supporting documentation, and observed that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.
- B. Observed the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

13) Information Technology Disaster Recovery/ Business Continuity

- A. Performed the following procedures, **verbally discussed the results with management, and report "We performed the procedures and discussed the results with management."**
 - i) Obtained and inspected the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observed that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observed evidence that backups are encrypted before being transported.
 - ii) Obtained and inspected the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquired of personnel responsible for testing/ verifying backup restoration) and observed evidence that the test/verification was successfully performed within the past 3 months.
 - iii) Obtained a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly selected 5 computers and observed while management demonstrated that the selected computers

have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

- B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C.

Observe evidence that the selected terminated employees have been removed from or disabled from the network.

We performed the procedures and discussed the results with management.

14) Prevention of Sexual Harassment

- A. Using the 5 randomly selected employee/officials from Payroll and Personnel procedures #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.
- B. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).
- C. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that the report includes the applicable requirements of R.S. 42:344:
- i) Number and percentage of public servants in the agency who have completed the training requirements.
 - ii) Number of sexual harassment complaints received by the agency.
 - iii) Number of complaints which resulted in a finding that sexual harassment occurred.
 - iv) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective actions, and
 - v) The amount of time it took to resolve each complaint.

Findings:

No exceptions were found as a result of applying procedures listed above except:

Bank Reconciliation:

One of the three bank account reconciliations for RRCA did not have evidence of management review of outstanding items more than 12 months from statement closing date.

Fraud Notice

RRCA did not have the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds posted on its website .

Management's Response:

The management of Red River Charter Academy, Inc. concurs with the exceptions and are working to address the deficiencies identified.

We were engaged by Red River Charter Academy to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of Red River Charter Academy and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Alexandria, Louisiana
December 08, 2023